

ASSEMBLY BILL

No. 1627

**Introduced by Assembly Member Frommer
(Coauthor: Assembly Member Matthews)**

February 21, 2003

An act to add Article 11 (commencing with Section 1339.50) to Chapter 2 of Division 2 of the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1627, as introduced, Frommer. Health Facility Payors' Bill of Rights.

Under existing law, the State Department of Health Services regulates the licensure and operation of health facilities. Under existing law, violation of these provisions, or any rule or regulation adopted thereunder, constitutes a misdemeanor.

This bill would establish the Health Facility Payors' Bill of Rights, which would prohibit a health facility from making a material change in a charge description master more than once in a calendar year, except as specified. The bill would define charge description master and material change for these purposes.

This bill would require a health facility that uses a charge description master to provide a written copy, free of charge, to any person upon request, and to take other specified actions. The bill would prohibit a health facility from conditioning acceptance of a contract with a health care service plan or health insurer on waiving any provision of the bill.

This bill would authorize the department to suspend or revoke a license or special permit, or impose a specified fine, for a violation of

the bill. The bill would authorize any person to file a claim with the department alleging violation of the bill.

This bill would require the department, commencing in 2005, to annually report to the Legislature and the Governor specified information relating to violations of the bill, and would require these reports to be available to the public upon request, free of charge.

By imposing new requirements on health facilities, this bill would create new crimes, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 11 (commencing with Section 1339.50)
2 is added to Chapter 2 of Division 2 of the Health and Safety Code,
3 to read:

4
5 Article 11. Health Facility Payors' Bill of Rights
6

7 1339.50. This article shall be known and may be cited as the
8 Health Facility Payors' Bill of Rights.

9 1339.51. (a) A health facility shall not make material change
10 in a charge description master more than once in a calendar year.
11 On or before July 1, 2004, a health facility shall identify the
12 anniversary date it will use and, no later than 30 days thereafter,
13 shall provide written notice of that date to the department and any
14 health care service plan or health insurer with which it has a
15 contract in force on that date of the anniversary date it has selected.

16 (b) Notwithstanding subdivision (a), a charge description
17 master may be updated to reflect the addition of new technologies
18 and services available at the health facility.

19 (c) Any health facility that uses a charge description master
20 shall provide a written copy free of charge to any person upon
21 request, segregated by types of services provided. The health



1 facility shall also identify the anniversary date determined
2 pursuant to this section. If the health facility has an Internet Web
3 site on which it posts its charge description masters, it may comply
4 with this section by providing the requester with the Internet Web
5 site address. This posting shall be in a format that can be
6 downloaded.

7 (d) For purposes of this article:

8 (1) “Charge description master” means a uniform schedule of
9 charges represented by the health facility as its gross billed charge
10 for a given service or item, regardless of payor type.

11 (2) A “material change” means a change in any provision of
12 a charge description master that a reasonable person would
13 consider to result in more than an increase in costs to payors.

14 1339.52. A health facility may not condition acceptance of a
15 contract with a health care service plan or health insurer upon the
16 health care service plan or health insurer waiving any provision of
17 this article.

18 1339.53. (a) The department may suspend or revoke any
19 license or special permit issued under this chapter for a violation
20 of any provision of this article, pursuant to the provisions of
21 Article 5 (commencing with Section 1294). In lieu of suspension
22 or revocation the department may fine the health facility up to five
23 thousand dollars (\$5,000) per violation.

24 (b) Actions taken by the department pursuant to this section
25 shall not preclude any other remedy by a health care service plan,
26 health insurer, or other party that is available under contract or any
27 other provision of law.

28 1339.54. Any person may file a claim with the department
29 alleging a violation of this article. The department shall investigate
30 and inform the complaining person of its determination whether
31 a violation has occurred and what action it will take.

32 1339.56. (a) Commencing in 2005, on or before March 1 of
33 each year, the department shall issue a report to the Legislature and
34 the Governor that includes all of the following:

35 (1) The number of investigations it has conducted for alleged
36 violations of this article.

37 (2) The number of violations the department has determined
38 have occurred.

39 (3) The name of each health facility that has violated this article
40 and the actions it has taken against these facilities.

1 (b) Reports prepared pursuant to this section shall be made
2 available to the public upon request free of charge.
3 SEC. 2. No reimbursement is required by this act pursuant to
4 Section 6 of Article XIII B of the California Constitution because
5 the only costs that may be incurred by a local agency or school
6 district will be incurred because this act creates a new crime or
7 infraction, eliminates a crime or infraction, or changes the penalty
8 for a crime or infraction, within the meaning of Section 17556 of
9 the Government Code, or changes the definition of a crime within
10 the meaning of Section 6 of Article XIII B of the California
11 Constitution.

